

MASIPALA WASE **THEEWATERSKLOOF** MUNICIPALITY MUNISIPALITEIT

Munisipale Kantoor/Municipal Office
Pleinstraat/Plein Street
CALEDON
7230



Posbus/P.O. Box 24, Caledon, 7230
Tel: 028 – 214 3300
Faks/Fax: 028 – 214 1289
E-Pos/E-Mail: twkmun@twk.org.za

HOOFKANTOOR/HEAD OFFICE

Navrae/Enquiries/Imibuzo
Me J J Smith

Verw. No. / Ref. Nr. / Inom.yesal.
28 May 2019

The South African Breweries Maltings (Pty) Ltd
PO Box 27
Caledon
7230

E-Mail: Alet.Ferreira@za.ab-inbev.com

Dear Sir/Madam

We refer to your letter and after careful consideration of your submission we wish to advise as follows:

Assumptions – cost drivers

Electricity - 14% due to the fact that there is a disjuncture between the Municipality's financial year and that of Eskom. The increase of 9.41% is not applicable to Municipalities because the Eskom increase for Municipalities can only be implemented with effect from 1 July (the start of the financial year – please refer to section 42 of the MFMA and National Treasury guidelines in this respect). NERSA approved an increase of 9.41% from April 2019. This is in addition to the 4.4% tariff increase that NERSA approved in October 2018 for Eskom to recover unforeseen costs going back to 2014.

The tariff increase for Eskom customers from 1st of April is 13.87% and for Municipalities 15.63% from the 1st of July 2019. The guideline from NERSA allows municipalities to increase tariffs by 13.07%.

Employee related costs – the increase consist of a 6.5% negotiated and agreed upon inflation adjustment plus a 2.5% notch increase which will be applicable and which has been concluded by agreement between Labour and Employer on a National level. The additional 3% is attributable to the phasing in of the filling of vacancies during the 2018/19 financial year.

It should be noted that Overberg Water has also increased its tariffs to the Municipality by more than 20% and the Municipality had to incur additional costs relating to augmentation of its water sources. Overberg Water is also charging the Municipality a drought levy. Another factor that had to be taken into consideration and which is affecting the revenue stream derived from water sales, is that consumers have drastically reduced their water consumption which has forced us to increase the water tariff by a higher margin to compensate for the reduced consumption.

The drought tariffs are as follows:

16.16.4.6	**Industrial Bulk Water Users			
(a)	Basic fee (0kl included) per erf/meter connection	R 126,00	R 18,90	R 144,90
(b)	Industrial Bulk User Consumption			
(i)	Consumption 0 kl to 6 kl per month per kl	R 24,87	R 3,73	R 28,60
(ii)	Consumption 7 kl to 15 kl per month per kl	R 26,78	R 4,02	R 30,80
(iii)	Consumption 16 kl to 30 kl per month per kl	R 26,78	R 4,02	R 30,80
(iv)	Consumption 31 kl to 40 kl per month per kl	R 39,04	R 5,86	R 44,90
(v)	Consumption above 40 kl per month per kl	R 66,87	R 10,03	R 76,90

We would however like to engage with the SABM further in order to find amicable solutions that will ensure sustainable tariff increases in the future.

Yours faithfully

Mr. G Matthyse
Municipal Manager